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SUBJECT: ICT PROGRAMS IN JORDAN

REF: A) AMMAN 6060 B) STATE 203796

1. (U) Per REFTEL request, we are providing information on telecom regulation, internet, and other IT-related questions posed, as well as a description of ICT projects related to education, business skills, business development, and e-government in Jordan.

THE TRC: REGULATOR-IN-WAITING

2. (U) Under the terms of the new Telecommunications Reform Law passed last year, the Telecommunications Regulatory Commission (TRC) becomes the sole regulator of telecom policy in Jordan, now effective November 1, 2002. As of that date, the five member commission will be totally independent of the Ministry of Information Communications and Technology (MOICT). The commissioners work full time, and are appointed by the Council of Ministers under the recommendation of the Minister of ICT, currently Dr. Fawaz Zu'bi.

3. (U) Unfortunately, various political and operational considerations have delayed the appointment of the five members, originally expected to have been made early in the spring of 2002, until very recently, with a fifth slot yet to be filled. According to MOICT Policy Advisor Roger Guichard, the TRC will be headed by Muna Nijem, former Director of Next Generation Business Technology at Motorola. Nijem will be joined on the TRC by former TRC Director Mamoun Balqar, MOICT Chief Information Officer Mahmoud Khasawneh, and Fadi Kwar, Executive Director of Talal Abu Ghazaleh and Co. The fifth commissioner, designated as a lawyer slot, will be filled by October 30, an earlier appointee having removed his name from consideration.

4. (U) According to Guichard, Bob McDonald, formerly an attorney for Regulatory Affairs for Sprint, has been hired to work with the TRC on regulation and policy with USAID funding. Guichard said that now that the TRC is finally a full-time, independent board, it can proactively address the many challenging issues on its agenda, such as market liberalization for mobile in 2004 and fixed-line in 2005, interconnection rates, voice-over Internet Protocol, and pay phone connection rates. (Note: Guichard told us that Allo, a major pay phone provider in Jordan, had its service cut off by Jordan Telecom October 1 over a payment dispute. As the provision of this service is a public policy issue, the TRC will step in and attempt to bring the parties to resolution. End note)

Telecom Privatization

5. (U) Having begun the privatization of Jordan Telecom in 2000, with the support of the USAID-funded Executive Privatization Commission, by selling 40% of the company to France Telecom, 8 percent to the Social Security Corporation, and 1 percent to the Jordan Telecom Employee Provident Fund, the Government recently put up an additional 15% for sale via an Initial Public Offering that closes on October 24. Speculation on whether or not France Telecom will exercise its option to buy a further 11% of JTC has been tempered by the French company's announcement of a \$12 billion loss for the first half of 2002. Under its new management, JTC has succeeded in substantially reducing waiting time for new lines and has expanded penetration. Jordan Telecom's fixed-line monopoly is set to expire in 2005, and a current TDA-funded feasibility study is expected to show the need for another market entrant to stimulate competition, improve quality, and reduce costs, among the highest in the region. Likewise, another feasibility study is likely to demonstrate room for a third mobile operator, along side JT-owned Mobilecom and Fastlink, a subsidiary of the Egyptian conglomerate Orascom. Mobile phone penetration has overtaken fixed-line use in Jordan, with over 1.1 million mobile phones currently in use and demand increasing. The mobile duopoly expires in 2004.

COMMUNITY ICT CENTERS

16. (U) The Jordan Information Technology Community Centers (JITCC) are small centers located throughout the country to provide low-cost access to computers and computer related technology. To date, 40 of the planned 68 centers have been established. Open to all Jordanians, the centers provide training courses that are tailored to the specific needs of groups and individuals in the community. Originally funded by the UNDP, these centers are now funded by the King Abdullah Fund and will receive technical assistance from USAID's AMIR program and the Case Foundation. USAID is currently planning to conduct a sustainability study, which it expects to conclude in six months. The centers are successful in that they provide IT access and training previously unavailable in the more remote regions of Jordan. The centers also host NetCorps, a training program designed to field youth volunteers at the IT centers for up to six months, and is supported by USAID. INJAZ, the Jordanian Junior Achievement Association, is using the centers for IT access and training. Computer Clubhouse is an IT program for kids based at the centers.

17. (U) Business development centers, known as Enterprise Development Centers (EDCs) in Jordan, are co-located with the community ICT centers where appropriate. The centers are funded locally. Business consultants are available through the EDCs to offer support services and consultation also with AMIR program support. The EDCs are not yet self-sustaining. Other activities under consideration include a comprehensive, integrated, competitive placement based Women's Entrepreneurial Development Center, a Women in ICT program which aims to increase employment opportunities for women through training on market needs, improving access to IT technology, establishing linkages with IT companies, and a review of Sector Based Training focusing training needs on certain sectors with identified growth potential.

PRIVATE SECTOR NEEDS

18. (U) The REACH program, the Jordanian government's strategy for developing its IT sector, and INTAJ have created an environment in which business and government work together to develop a globally competitive IT industry in Jordan. Having said that, a recent independent study of Jordan's IT industry commissioned by the MOICT and conducted by IT consulting firm McConnell International (REF A) asserted that the needs of small and medium enterprises are not being adequately addressed by the government or the private sector. The report also states the ICT adoption rate among businesses is low, as is the rate of credit card penetration necessary for the growth of e-commerce. While training opportunities are increasing, via AMIR, INTAJ, and private sector players such as INTEL and Microsoft, businesses complain of a dearth of technically savvy IT professionals with management and marketing skills. In addition, the high cost and low quality of international service has been a deterrent to foreign investment and participation in global e-commerce.

INTERNET CAFES

19. (U) Internet cafes are prevalent in Jordan. Privately owned, these small shops typically contain 4 to 5 PCs and generate small profits. Under regulations now being more zealously enforced by the government, cafes must register IDs for users, as well as log sites visited and maintain the log for 60 days pending inspection by officials of the Ministry of the Interior, or risk paying large fines. A number of cafes, most recently in Irbid, have recently been closed due to their inability to pay these fines.

ICT PROJECTS

110. (U) The primary vehicle for USAID support to the ICT sector in Jordan is the AMIR Program (Achievement of Market-Friendly Initiatives and Results). The objective of AMIR's ICT initiatives is to support Jordan in becoming a leading regional ICT hub and a competitive exporter of ICT products and services. These initiatives promote increased ICT access and connectivity for all Jordanians, utilize IT to facilitate the provision of government service, promote increased business growth and employment in the sector, and helps upgrade human resources with respect to IT.

111. (U) Jordan's IT Industry association, INTAJ, has received grant support from USAID for staff training, e-commerce workshops, lobbying in favor of IT-related

reforms, human resources development, and other projects. In addition, INTAJ, with the support of USAID, held the successful ICT Forum (REF A) in Amman September 30-October 1. The Forum, which attracted more than 1200 participants from the Middle East, Europe, Asia and the United States, featured INTEL CEO Craig Barrett, John Gage of Sun Microsystems, and George Vradsburg from AOL-Time Warner as keynote presenters.

12. (U) USAID has assisted the government in producing the REACH initiative, Jordan's national IT strategy. The plan calls for the creation of 20,000 IT-related jobs, \$550 million in IT exports, and \$150 million in FDI, all by 2004. With UNDP assistance, the Ministry of Education has invested \$67 million in an ongoing program to provide IT training to 6000 teachers. The Ministry of Information Communications and Technology (MOICT) has also introduced the Connecting Jordanians initiative, a national campaign to improve and ensure Internet access throughout the Kingdom.

13. (U) The Jordanian Government's e-government strategy is also supported by USAID through the AMIR program. A number of infrastructure projects have been initiated, including the secure government network government E-mail System, Operation and Data Center, and portal website. Other e-services, such as the Business Registration unit at the Ministry of Industry and Trade and the Investment Promotion Information System are expected to be ready in early 2003. In addition, an e-government Program Management Office (PMO) has been established to coordinate e-government initiatives and to implement other projects across the public sector.

14. (U) The MOICT has embarked on the ambitious task of training government employees in computer literacy. To this end, the Ministry has adopted UNESCO's International Computer Drivers Licensing (ICDL) program as an effective vehicle for the promotion of computer literacy in Jordan. Likewise, to enable the use of e-Government applications and services supported by AMIR, ICTI has provided management, communication, logistical and other local support to facilitate the provision of the ICDL Program.

15. (U) USAID's ICT support also extends to enhancing computer education in universities, expanding the ministry of Education's e-Learning Network, and providing technical assistance to encourage outreach and innovation and increased access throughout primary and secondary schools. In 2001, AMIR and the Canadian International Development Agency (CIDA) began working with the MoICT, Intaj, and other stakeholders to develop a strategy for connecting Jordanians to the global information superhighway, now known as the Connecting Jordanians Initiative (CJI). USAID has worked closely with the stakeholders involved in CJI to develop and implement a comprehensive connectivity business plan for Jordan. The first draft of this business plan was completed and presented at the end of August 2002.

16. (U) In addition to USAID-funded assistance, the EU is providing some industry-level support. In the past, the British, World Bank and EU have been involved in establishing the TRC. The UNDP is supporting the development of the Jordan Information Technology Community Centers. In addition, CIDA is working closely with the Ministry of Education (MOE) in supporting the Ministry's e-learning strategic framework. The Japan International Cooperation Agency (JICA) is also now considering major support for the rollout of the MOE's e-learning network. There are also a number of U.S. corporate sponsors of Jordan's ICT initiatives including Microsoft, Cisco, Sun Microsystems, Hewlett Packard and Oracle. Given the important role of such firms in developing Jordan's ICT industry, strategic alliances involving the GOJ, donors and U.S. ICT firms are becoming increasingly important.